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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 001857

SIPDIS

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SUBJECT: JAPANESE AMBASSADOR DISCUSSES ELECTIONS,  
NONPROLIFERATION, AFGHANISTAN WITH AMBASSADOR ROEMER

Classified By: Ambassador Timothy Roemer for Reasons 1.4 (B) and (D).

11. (C) SUMMARY. Japanese Ambassador Hideaki Domichi described the Indo-Japanese relationship as "on an upswing" in a meeting with Ambassador Roemer August 31. The implications for Japan's foreign policy of the Democratic Party of Japan's (DPJ) victory in the August 30 elections were not yet clear, but Domichi expected the new government to place greater emphasis on nonproliferation and disarmament. Encouraging India to sign the Nuclear Nonproliferation Treaty (NPT) was "unrealistic," but he hoped India would cooperate on the Fissile Material Cut-off Treaty (FMCT) and sign the Comprehensive Test Ban Treaty (CTBT) once the United States had done so. Domichi said he would like to coordinate on civil nuclear cooperation due to the role Japanese technology would likely play in building India's civil nuclear program. Since a bilateral Indo-Japanese civil nuclear cooperation agreement was unlikely, Domichi said Japan had to find a way to "honor the consensus" in the Nuclear Suppliers Group (NSG) and not become a "stumbling block" for other countries. Domichi, who was previously posted to Tehran, shared his belief that India was more keen on the proposed Iran-Pakistan-India (IPI) pipeline than is commonly believed and that India and Iran cooperated closely on Afghanistan. He acknowledged that Japanese logistical support to Operation Enduring Freedom was controversial, and said the United States needed to "clearly convey to the new government why the logistical mission was important" above and beyond the considerable non-military assistance Japan continued to provide to the international effort in Afghanistan. END SUMMARY.

Indo-Japanese Relationship

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12. (SBU) In his introductory meeting with Ambassador Roemer August 31, Japanese Ambassador Hideaki Domichi said the Japanese relationship with India was "on an upswing," giving much of the credit to Prime Minister Singh's efforts to develop the Indo-Japanese Global and Strategic Partnership. Japanese business investment in India was expanding at a rate of 30 percent annually.

13. (SBU) The centerpiece of Japan's engagement was its USD 2 billion annual concessional loans to develop the Dedicated Freight Corridor (DFC). Just as the Delhi Metro had introduced a "new culture" in public transportation to India, Domichi said the DFC was meant to redefine the way India views railways as an engine for economic growth. Japan was financing the western Mumbai-Delhi portion of the DFC, while the Asian Development Bank and World Bank were financing the Eastern Delhi-Kolkata portion. The project also required the construction of hubs in six states, which was proceeding with varying degrees of success. Gujarat had built an international airport, roads, and new rail lines connecting to the corridor, while other states such as Uttar Pradesh and Maharashtra were more "difficult." Domichi observed that while India was developing quickly, it lacked sufficient manufacturing capability -- unlike China.

#### Japan's Historic Elections

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14. (SBU) Domichi described the Democratic Party of Japan's (DPJ) victory in the August 30 elections as expected, but added that the implications for Japan's foreign policy were not yet clear. Prime Minister-designate Yukio Hatoyama planned to appoint a new National Strategic Office in the PM's office, which would "become the most important ministry in the government." Domichi, a career diplomat, said it would not be practical to seek mass resignations from the civil service, but opined that the government may "shake

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things up" domestically by cutting budgets, but it "understood the importance of continuity" in foreign policy. The UN General Assembly and the G20 Summit in Pittsburgh would be opportunities for the new government to make its policies known. Domichi shared that the Japanese Prime Minister was due to visit India this year, consistent with the annual alternating head of state visits envisioned in their Strategic Partnership.

#### Nonproliferation and Civil Nuclear Cooperation

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15. (SBU) The new Japanese government was likely to form a coalition with the Socialists, which Domichi suggested would result in greater emphasis on nonproliferation and disarmament. Domichi observed that India had "made it clear it would never sign the NPT as a non-nuclear weapon state," and encouraging it to do so was "neither feasible nor realistic." Domichi said he hoped India would cooperate on the Fissile Material Cut-off Treaty (FMCT) and sign the Comprehensive Test Ban Treaty (CTBT) once the United States had done so. He acknowledged India's claim to support disarmament and maintain its testing moratorium, but said the new Japanese government would need to see "some new development" on nonproliferation with India.

16. (C) Complicating matters, Domichi confided that his government "was not sure" whether India in fact voted for new IAEA Director General Yukiya Amano's candidacy, saying someone else may have abstained. Prime Minister Singh was clear that he supported Japan, but there was doubt in the Japanese Foreign Ministry whether the Indian Mission in Vienna followed through.

17. (SBU) Domichi said he would like to coordinate with the United States on civil nuclear cooperation due to the role Japanese companies may play in building India's civil nuclear program. Domichi said the key question was whether the Japanese government would be willing to grant licenses to permit GE-Hitachi and Westinghouse-Toshiba to make use of Japanese technologies in their work in India absent a bilateral Indo-Japanese civil nuclear cooperation agreement. He said Areva was in much the same position because it relied on the latest technology, much of which had been developed by

Japanese companies. Domichi stressed Japan had to find a way to "honor the consensus" in the Nuclear Suppliers Group (NSG) and that it "could not be a stumbling block if other countries want to do business with India." He stressed that a bilateral cooperation agreement with India would be very difficult. Domichi said he has raised this issue "from time to time" with the government, and that the U.S. Department of Energy had queried the Japanese government on this point, but that resolving the issue "could take some time."

Region: Afghanistan and Iran

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18. (C) Ambassador Roemer asked Domichi for his views on the Indo-Iranian relationship as he was previously posted to Tehran. He stated that when he was in Tehran, he did not see much evidence of a close relationship, but since he has been in India, he said he saw Iranian diplomats visiting Prime Minister Singh "often." He said India does not want to highlight the relationship, mostly due to U.S. pressure, but that it does want access to Iran's cheap natural gas. India "pretends" that differences about pricing issues impede the proposed Iran-Pakistan-India (IPI) pipeline, but in fact India does want it. Iran has a "huge" influence in Afghanistan, according to Domichi, who implied that India and Iran coordinate more than we know there.

19. (C) Domichi foresaw "basically no change" in Japanese

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policy toward Afghanistan following elections in both countries, but acknowledged that the U.S.-Japan relationship had been "a subject of discussion" during the election campaign. While the Japanese logistical support to Operation Enduring Freedom was controversial, the DPJ did not in the end include it in its election manifesto. Domichi, who was Director General for the Middle East prior to his ambassadorship in Tehran, shared that he had been "grilled" by the opposition in Parliament over this issue. He said the United States needed to "clearly convey to the new government why the logistical mission was important" above and beyond the considerable non-military assistance Japan continued to provide to the international effort in Afghanistan.

(Comment: The USG needs to raise this issue on a priority basis with the new government in Japan. Given that this supertanker logistical support is both crucial financially and important symbolically, as it would cause serious harm to lose a critical partner in this effort.)

ROEMER